



NEWS RELEASE

Tennessee Regulatory Authority

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For Release: May 6, 2004

VoIP Ushering in “New World Order” in Telecommunications

Nashville, Tennessee - National experts, public officials, and local consumer groups gathered for a day-long forum in Nashville recently to discuss the policy, consumer, and regulatory issues associated with voice communications over the Internet. The event was sponsored by the Tennessee Regulatory Authority (TRA).

Voice communications over the Internet, commonly referred to as *Voice over Internet Protocol* (VoIP), is technology that enables consumers to deliver telephone calls over the Internet. TRA Chairman Debi Tate provided the forum’s opening comments by observing the incredible possibilities and yet the possibility for problems that VoIP technologies will bring to Tennessee consumers.

“VoIP may provide lower costs, consumer-friendly services, newer and faster ways of communicating, both globally and locally, and may have a positive impact on Tennessee’s economy,” she said. “However, in this post September 11 period amid homeland security and law enforcement concerns, there are important policy issues that must make us pause before we trade safety and security for cheaper telephone rates,” she cautioned.

“New World Order” and “Apocalyptic” were just two of the terms used to describe VoIP as it becomes more prevalent as a phone service. Industry representatives provided hand-on demonstrations of how these “computer phones” work in many different ways and with differing types of equipment.

The providers discussed exciting new products which enable customers to decide how and when to receive messages—voice or text—and during what hours. In addition, a consumer may actually choose to have multiple phone numbers to avoid long distance charges for instance, on a business trip, with a wireless phone service loaded onto a laptop.

Over 20 VoIP providers are presently providing services nationally, but less than a quarter of a million Americans nationally have taken advantage of the new technology.

Vonage is currently providing VoIP services in Tennessee while AT&T is currently introducing the service in select cities nationwide, including Tennessee by the end of 2004.

The TRA Directors also heard some of the pitfalls including problems with E-911 and whether or not a neighbor may incur long distance charges if a VoIP telephone number is in another area code. Speakers representing emergency services and consumers with disabilities encouraged the industry to find “barrier free technologies” for those most in need.

Tennessee Senator Lamar Alexander, Commissioner Matt Kisber of the Tennessee Department of Economic Community and Development and Commissioner Loren Chumley of the Tennessee Department of Revenue provided insightful perspectives on the nascent technology.

Commissioner Matt Kisber presented comments on how VoIP may impact economic development and investment in Tennessee. And Commissioner of Revenue Loren Chumley reiterated her commitment to assuring the stability of Tennessee’s fiscal policies that voters have decidedly stated they prefer to remain a “sales tax state.” She updated the conference on the status of the internet tax bill which she hopes will continue to grandfather states like Tennessee and allow them to continue the present sales tax collection; limited somewhat by recent court decisions.

The Federal Communications Commission (FCC) opened a rulemaking proceeding on these topics to seek comments from the industry, state commissions, and the public. The TRA may submit information from the forum to the FCC to assist the FCC in crafting a cohesive policy on VoIP.

For more information about VoIP, or to file a comment, go to www.fcc.gov. To obtain copies of presentations of VoIP panel participants, visit the TRA’s website at www.state.tn.us/tra.

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